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~~CONFIDENTIAL~~

25 October 1954

NSC BRIEFING

DIA review(s) completed.

SITUATION IN SOUTH VIETNAM

I. Governmental paralysis in Saigon continues.

- A. Diem stays in only because Hinh, Binh Xuyen unwilling to take chance of throwing him out physically.
- B. Reports of imminent army coup recurred over weekend.
- C. But prerequisite for coup is plotters' assurance of French non-interference.
- D. Our army attache believes Hinh still has support of large majority of army, but he notes morale of rank and file is very low.
- E. Trip to Manila to observe Philippine installations arranged for two of Hinh's closest henchmen to get them out of the country.

II. Diem strongly resisting demands of opposition.

- A. Awaiting arrival his brother Luyen with message from Bao Dai.
- B. Bao Dai's entourage deeply involved in intrigue surrounding possible successor to Diem.

III. French continue to hold key to situation.

- A. They can easily keep Hinh under control.
 - 1. They control pay and supply of Hinh's troops.
 - 2. They control city of Saigon.
- B. French Deputy Commissioner General indicates that French agreement to support Diem was only in deference to US pressure.

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- C. He obviously shared view of French circles who believe Cochinchina can be retained as disguised protectorate.
- D. Mendes-France says French considering plan to have Bao Dai send a "viceroy" to Saigon.
 - 1. Such envoy would have "no power to interfere in government."
 - 2. However, ~~only~~ likely candidates for job are Bao Dai's cousins, Buu Hoi and Buu Loc, both of whom have intrigued against Diem.
- IV. Government's paralysis giving Viet Minh virtually free hand.
 - A. They pursuing aggressive program of infiltration, indoctrination, and consolidation.
 - B. Our army attache estimates that present trends will result by late 1955 in Communist-dominated coalition government in the south or a complete Communist takeover, except possibly of major population centers.

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